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Subject: AELIC's Objection to use of non record evidence in briefing
Date: Tuesday, August 02, 2016 5:20:11 PM

To rate review, please file this email and to the Honorable Judge Herrera and parties, this email constitutes service of AELIC's objection set forth below:

OBJECTION TO AUSTIN ENERGY'S USE OF NON RECORD EVIDENCE IN ITS REPLY BRIEF

TO THE HONORABLE JUDGE HERRERA:

COMES NOW, Austin Energy Low Income Customers ("AELIC") objecting to the use of non record evidence in its reply brief.

In replying to AELIC's request to adjust AE's requested reserves in its the revenue requirement to include \$29 million in reserve revenues to be realized from a regulatory charge rate increase to recover that amount, AE relied upon statements not supported by the record evidence and should be totally disregarded. At p. 17 of its Reply, almost the whole response to the \$29 million is not supported by the record. AE made no attempt to provide a source for its statements. It couldn't because there are no record sources. AE's reply on this issue is an attempt to confuse the issue. Even its 2nd to the last sentence in this section shows that AE has been recovering revenues that will be returned to AE's surplus. ("Current projections show an under-recovery of the \$29 million . . ."). AELIC's argument on this issue was simple. FY 2016 regulatory rates were set to recover \$29 million in working capital reserves. AE will be presenting a budget before the council that will include proposed regulatory charges. Those proposed regulatory charges will have addressed the FY 2016's success in repaying the \$29 million. All or a substantial part of that \$29 million will have been repaid to working capital. That amount of repayment constitutes a contribution to surplus at the start of FY 2017 that should be taken into consideration in this rate case whose purpose is to address the reasonableness and fairness of AE's FY 2017 base rate proposals. Reserves, which constitute costs in AE's base rate revenue requirement are relevant in this rate case. Consequently, the amount of reserves available at the end of FY 2016 constitutes material evidence to the reasonableness of AE's proposed rates and therefore the obvious existence of revenues in addition to those alleged by AE in its COS is relevant and material. AELIC urges Your Honor to disregard AE's allegations of non record evidence.

AELIC continues to urge Your Honor to amend your report to address this issue and ensure that the Council is aware that additional revenues to fund AE's reserves for purposes of setting its FY 2017 base rates will be available and that the Council should ensure that AE does an accounting of those revenues in its budget presentation involving its regulatory charges.

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AUSTIN ENERGY

Respectfully Submitted

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CERTIFICATE OF SERVICE

The undersigned certifies that TLSC has served by email a copy of AELIC's objection published in that email upon all known parties of record and to the Impartial Hearing Examiner on the 2nd day of August 2016

/S/ Lanetta M. Cooper
Lanetta M. Cooper